



MARYLAND COMMISSIONER OF FINANCIAL REGULATION CONSUMER ADVISORY



October 6, 2022

Information for Consumers About Debt Settlement Services and Student Loan Debt Relief

This advisory is to provide information to Maryland consumers about new legal protections for them when they use the services of debt settlement companies for student loan relief.

“Debt settlement companies” are businesses that offer to reduce a consumer’s payments and/or to renegotiate the terms of an unsecured debt (like a student loan or credit card debt) that is owed to a creditor or collection agency.

A new Maryland law, effective on October 1, 2022, requires that debt settlement companies assisting consumers with student loan debt relief state on their agreement documents and in their advertising that their company is not affiliated with the U.S. Department of Education and is not a lender.

Additionally, the new law prohibits debt settlement companies from telling consumers to stop making their scheduled loan payments to, or to stop communicating with, their student loan servicer. The new law also prohibits debt settlement companies from accessing or obtaining a student loan borrower’s Federal Student Aid information.

Violation of this new law may be considered an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA) and be subject to MCPA’s civil and criminal penalty provisions. The Maryland Student Loan Ombudsman will investigate any complaints from Maryland consumers about debt settlement companies offering assistance with student loan debt and will refer any matter that may be deemed as abusive, unfair, deceptive, or fraudulent to the Maryland Commissioner of Financial Regulation for further investigation and potential civil enforcement or criminal prosecution.

Contact

If you are a Maryland resident and you believe that a debt settlement company has misrepresented their services or has charged you illegal up-front fees related to your student loan debt, please contact Sean McEvoy, [Maryland’s Student Loan Ombudsman](#) by email at studentloan.ombudsman@maryland.gov or by phone at (410) 230-6185.

More Resources

For more information about your rights as a student loan borrower in Maryland, see the [Maryland Student Loan Borrower's Bill of Rights](#), available for download [here](#).

Debt settlement companies offering their services to Maryland consumers must be registered with the Office of the Commissioner of Financial Regulation. Before engaging with a debt settlement company, consumers should verify the company's registration status on the NMLS Consumer Access website at www.nmlsconsumeraccess.org.

The Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at www.labor.maryland.gov/finance.



Office of the Commissioner of Financial Regulation

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